

1 making that available to everyone who wants it. But I
2 know that most of you in Congress have seen some version
3 of this.

4 I wanted to bring two things that may not have
5 been mentioned to your attention. I know there are a
6 number of folks here that want to talk about things that
7 are near and dear to my heart. I won't talk about them.
8 You understand what I think about the Telecommunication
9 Development Fund. It needs to be better supported and
10 the tax certificate policy needs to be reinstated.

11 Let me also say this -- the telecommunications
12 companies right now are taking the Communications Act and
13 certain provisions of it to court. It may be tied up and
14 threatened in court. And this will make the provision of
15 universal service to all Americans problematic in the
16 years to come.

17 Chairman Kennard has caught an awful lot of
18 hell on Capital Hill. I think we've got to do what we
19 can to support him.

20 But beyond that, there are other institutions
21 in our country, direct service providers help to provide

1 mentoring services, tutoring programs to schools in
2 communities, who are not well-served by schools and
3 libraries who need support.

4 And so we called for the expansion of
5 universal service to particularly community based
6 non-profit organizations that provide direct services to
7 communities, children and to old people. And we think
8 that a teen shelter or a senior citizen home should have
9 discounts for universal access as well.

10 Let me also mention that Senator Carol Moseley
11 Braun has been a great proponent of something called the
12 "National Education Technology Funding Corporation".
13 While universal service access is so vitally important,
14 when you have a school that does not have the physical
15 infrastructure to support the modems in the classrooms,
16 then somehow that discount for universal access isn't
17 going to mean very much. So there is a bill that
18 Congress has passed, part of the Telecommunications Act,
19 believe it or not. It says that a corporation ought to
20 be set up to work with private industry to find ways to
21 fund a development fund for schools so that they can

1 establish the infrastructure, so they can take advantage
2 of the discount.

3 So right now, two years later, there has been
4 no support for this. They got a temporary staff. There
5 is no money and something needs to be done. We urge
6 corporations and other folks to step into this breach.
7 We urge Congress to take a look at this.

8 We have been working and talking with
9 Congressman Waters. It is very important that we hear
10 from members of the Congressional Hispanic and
11 Congressional Black Caucus. And we need to hear from
12 other folks beyond the Dingells and the Tauzins. We need
13 to hear that you are concerned about these issues and
14 that you represent us.

15 I think Reverend Jesse Jackson could not be
16 more correct when he says it is important to bring in the
17 letters in support from folks in your district and
18 outside to show that you have the support. But we need
19 your voices in this debate to be as clear as Billy
20 Tauzin's voice. We need your folk in the debate to be as
21 clear as the other voices that we hear that are

1 discouraging about the Act and things in the Act. We
2 really support and encourage and want to work with you to
3 hold a hearing and I'm certain I have gone over my two
4 minutes, and I'll end it at that.

5 (APPLAUSE)

6 CONGRESSMAN RUSH: I'm going to ask someone to
7 serve as a timekeeper.

8 DARYL HANDY: I'll do my part to maintain the
9 two minute limit. I want to thank you and Reverend
10 Jackson for giving me and Ameritech -- I'm Daryl Handy,
11 External Relations Manager of Ameritech and I welcome the
12 other Congressmen who are from of town.

13 For those of you who aren't aware of
14 Ameritech, we are the regional bell company for five
15 midwestern states of Illinois, Indiana, Michigan, Ohio
16 and Wisconsin. We are a \$25 billion corporation with
17 74,000 employees. I have my esteemed colleague, David A.
18 Pacholczyk, who has passed out -- I know we were supposed
19 to keep it to a one page summary. But Ameritech is a
20 growth company and I think you have five sheets that kind

1 of highlight the various avenues we have taken as far as
2 the Telecommunications Act is concerned.

3 We were a lead company in supporting the
4 Telecom Act. As of this moment, we're happy with what
5 has been going on. There is one area that we are
6 disappointed in, and that is the access to long distance
7 service. We are hoping that with the new change at the
8 FCC that the Chairman and the other commissioners will
9 speak about that competition and allow us into that
10 industry, because we think that competition breeds a
11 competitive advantage for consumers and we want to be a
12 part of that, and that is it for me.

13 THOMAS HART: Congressman Rush, thank you very
14 much. I'm going to be brief, but very direct,
15 congressman, because you and I have worked together, and
16 Congressman Conyers, because I'm familiar with a number
17 of people in this room here today. I'm very disappointed
18 by the level of advocacy that is ongoing in Washington on
19 these issues right now. And personally, I hold the
20 beneficiaries of the work that I do that a number of us
21 do every day largely responsible. Those are the black

1 broadcasters. Those are the black entrepreneurs in this
2 telecommunications industry that we fighting for on a
3 daily basis.

4 I see very few black broadcasters here today.
5 I see very few of them anywhere where there is work and
6 hard effort and struggle underway. I saw all of them
7 last Thursday at the NABOB Dinner with Stevie Wonder and
8 Della Reese and Berry Gordy and the Temptations. They
9 were there for the dinner and the dance, but they're not
10 here today for the work and the struggle. I have a real
11 problem with that, Congressman. I have a real problem
12 when someone I believe is as good natured as Michael
13 Powell, since we got to challenge the premise of
14 diversity, what difference does it make really to have
15 blacks own radio stations and play the same music that
16 the white owners play, if they're not giving anything
17 back to the community? What difference does it really
18 make? Is that what diversity is all about? Just
19 changing the name on the license at the end of the paper
20 or are we supposed to be diversifying the airwaves?

1 We've got broadcasters in this room. We have
2 a number of radio stations in this room that should have
3 been carrying this session live today. We don't need
4 Congressman Conyers or the Public Broadcasting Network to
5 do that. The commercial broadcasting networks can do
6 that. They can sell that air time. This is public
7 information. Our community needs that resource of
8 information.

9 It is great that public broadcasting may do
10 it, but they're not going to do it. We need to do it for
11 ourselves. Okay. That is where we're falling short.
12 Why did they take away the tax certificate? That was
13 when the cry came out from the black broadcasters "come
14 on grass roots Black community, come to my benefit, save
15 this tax certificate." The Black community laughed at
16 them. One, they didn't understand the issue. We're
17 always late to get the public informed, which is why the
18 Black media needs to cover sessions like this. When we
19 do make the outcry, they are ready and responsive.

20 And two, they asked the question, what
21 difference does it make whether three or four or five

1 more radio stations are black-owned when we can't get
2 access to our own airwaves when we have to buy time and
3 pay a more competitive rate than a white-owned company
4 who comes to try to buy air time on the station? That is
5 where I really have a problem with the advocacy effort in
6 Washington right now.

7 I also believe, as Reverend Jackson says, we
8 really have not begun to fight. I know my time is up,
9 but let me say this. On the WorldCom merger, which is
10 the big merger that is going on now, we have for the very
11 first time a very diverse coalition. I hope that this
12 coalition can get the support that it needs and can
13 really make a difference at the end of the day. Thank
14 you very much.

15 EDWARD YOUNG: My name is Ed Young. I'm the
16 Senior Vice President for Bell Atlantic. It is another
17 regional telephone company. We serve the northeast and
18 mid-Atlantic states from Maine to Virginia.

19 There has been a lot of good testimony today.
20 It is unfortunate that the time is such that we can't get
21 into detail -- people want to dialogue. I'm not able to

1 do that. Let me be blunt. I'll tell you several things
2 that concern the WorldCom/MCI merger. Let me be blunt.
3 It is the second largest and fourth largest long distance
4 company getting together.

5 It is consolidation in the telecommunications
6 industry which is going to lead to the same problems that
7 we have seen in the media business. We need to get on
8 top of this now. We need get our voices heard in
9 Washington. We need to get the documents that surround
10 the mergers so we can look through those and see what
11 information we can toward our advantage.

12 The second point people don't appreciate about
13 the merger is you're also consolidating the Internet
14 business. The Internet business is a new business for
15 all of us. It gives all of us hope of opportunities.
16 We're not going to have those opportunities if there is
17 consolidation in this business as well. What do I mean
18 by that?

19 Well, most of you probably have an Internet
20 provider that you signed up for for services. They have
21 to connect up to the Internet. There are 19 companies

1 across the country that those Internet service providers
2 use to hook up to the Internet. Well, these 19 companies
3 rely on six companies for the Internet backbone.

4 If this merger goes through for the six basic
5 Internet backbone providers that are controlled by MCI
6 and WorldCom, 4 out of the 6. My time is up. Jonathan
7 says so. We'll continue the dialogue later.

8 (APPLAUSE)

9 CONGRESSMAN RUSH: I'm going to be excused.
10 Roland Burris is our Democratic nominee. Tomorrow we're
11 have an election in the State of Illinois and Roland
12 Burris is running for Governor and we think that he is
13 going to win. And I have to leave, but before I leave, I
14 want to put a plug in for Roland. Those of you who are
15 here from out of town, we have a tradition here in
16 Chicago. All you have to do is show up in the City and
17 you're automatically registered to vote. So stop by the
18 nearest polling place and drop a vote in for Roland.

19 I would ask Congressman Engel to come and he
20 will chair the remainder of this until Reverend Jackson
21 returns. Congressman Engel.

1 (APPLAUSE)

2 WILLIAM BARR: Thank you. I'm Bill Barr,
3 Executive Vice President of GTE Corporation. It is a
4 real privilege to participate in an important conference.
5 I would like to commend Reverend Jackson and the
6 RAINBOW/PUSH Coalition and the distinguished members of
7 Congress who are here today for their leadership on this
8 important issue.

9 I think Reverend Jackson was absolutely
10 correct when he says that this is fundamental to the
11 institutions of our democracy.

12 GTE is a large corporation. We have 17
13 million telephone lines in the United States, but we're
14 not in any one region. We are spread over 28 states.
15 And we are preponderantly residential and small business
16 servers. People have said that we got some of the
17 property that AT&T didn't want when they were buying up
18 the monopoly at the turn of the century.

19 We see in our industry two fundamental
20 processes that are underway right now. On the one hand,
21 there is this effort. The Telecom Act was part of that,

1 to break down old monopolies in the telephone business.
2 And the purpose of the Act was to bring the benefits of
3 competition to all Americans, all groups, all sectors of
4 society.

5 The second process that's underway is a
6 parallel process. That is the emergence of the Internet,
7 which is bringing more and more into its vortex of
8 telecommunications, video, voice and data. And the data
9 market, as many of you know, is exploding. We look in
10 the future years ahead and see it as a \$200 billion
11 market potentially.

12 So there is a lot of opportunity in the
13 Internet. Our central concern is that we are heading
14 toward a two-tier telecommunication system in this
15 country. We believe that we're well underway towards
16 redlining telecommunications in the United States. We
17 see fundamentally two different problems.

18 On the telephone side of things, we think
19 there has been a failure to deal with universal service.
20 What Congress called for in the Act was setting up a fund
21 by which companies that wanted to provide telephone

1 service, had to contribute based on their revenues. That
2 fund would ensure that it was profitable to serve all
3 communities, all income groups, minority groups,
4 residential groups, rural groups, not just the downtown
5 business customers who were highly profitable.

6 That would ensure universal service,
7 affordable telephone service for everybody, and it would
8 ensure that the benefits of competition would be brought
9 to everybody, because you could make money serving all
10 communities. That hasn't been done. And that is why
11 Chairman Allen for example of AT&T said he is going to go
12 where the money is, like a bank robber, go into the
13 downtown areas he said. And the Chairman of MCI said
14 that serving residential communities was like throwing
15 money down a rat hole.

16 The second factor, and I'll end with this, is
17 the merger between MCI and WorldCom, which we believe
18 would monopolize all the opportunity that really is there
19 for small companies and entrepreneurial companies to go
20 and participate in this booming business. Thank you.

21 (APPLAUSE)

1 CONGRESSMAN ENGEL: Could you save your
2 applause for the end and that might save a few minutes.
3 Let's see if we can do that.

4 MACEO K. SLOAN: I'm Maceo Sloan of Sloan
5 Communications, among other companies. NCM Capital
6 Management Group is the largest black-owned investment
7 management firm in the country. It was the first U.S.
8 investment firm to open an office in South Africa.

9 Sloan Communications is the only minority
10 controlled communication company that is building a
11 national footprint for any type of telecommunication
12 applications. If you add all of our companies up, they
13 are just a footnote of WorldCom. So that tells you this
14 is a wake up call for Black America and for Brown
15 America, because we aren't even a footnote. If you add
16 us all together, we are not a footnote on their annual
17 statements. If we don't want to be totally shut out of
18 this industry, we better do something about it now and
19 we're well on the way of being totally shut out of the
20 telecommunications industry. This is what this is all
21 about. Thank you.

1 GARY O. SHELTON: I'm Gary Shelton,
2 representing LightCom International and I like to say to
3 Reverend Jackson to certainly pay my respects to my
4 Congressman Conyers and Detroit. The merger of the
5 fourth largest and second largest long distance companies
6 certainly will not hold well for the minority businesses
7 in the telecommunications industry. After all, they are
8 talking about an industry where the main carriers already
9 control 90 percent of the long distance telephone market.

10 LightCom International is the only facilities
11 based carrier; that is, it owns digital switches and has
12 its own facilities.

13 In order to survive this kind of
14 consolidation, there is definitely going to be a need for
15 minority businesses in this industry to somehow gain
16 control from a network, otherwise it appears to us that
17 they'll be closed out.

18 One thing that we recognize in the long
19 distance industry, the African-American community alone
20 spends \$4 billion per year, all with white carriers. We
21 certainly would help our cause if we would be willing to

1 be a loyal customer base for our businesses that are
2 owned by the people that look like us.

3 We at LightCom were providing telephone
4 services for many of our government agencies. The
5 quality of service is good for NASA and the FAA,
6 Department of Defense, European Command, Camp David, even
7 the White House. I would like to say if it is good
8 enough for the White House, it ought to be good enough
9 for our house.

10 I think that it is important that while we
11 pressure our government agencies, our politicians, while
12 we put forth this twelve point strategy, we also look to
13 see what we can do within our own communities to support
14 our businesses.

15 LINDA HINTON: My name is Linda Hinton. I'm
16 the International Rep for Communication Workers of
17 America. We are a labor union, 630,000 strong,
18 representing a diverse variety of folks.

19 What does this mean, the merger? What does it
20 mean to labor. The first one is that if this merger went
21 through, MCI and WorldCom would have 63 percent, we

1 estimated it, of the Internet. And the Telecom Act of
2 '96 was supposed to open up competition, make things more
3 fair to all Americans. It also was supposed to control
4 some rates, get rates down for the residents and
5 customers, which all of those are, and we have not seen
6 that.

7 MCI has already said that they want to get out
8 of the residential business. And I think you heard
9 testimony on that today.

10 the second thing as far as the worker's
11 perspective, I, being a labor representative, is that MCI
12 announced that they plan to lay off 1500 workers. They
13 have allocated \$200 million to get through this hump, as
14 they said.

15 Now when they start downsizing and cutting the
16 labor union, it is not just about paying dues. It is not
17 just about money. It is about the ability to provide a
18 better opportunity for workers to jobs.

19 MCI has a history, as I think the first
20 gentleman stated, that they're very anti-everything. And
21 I'm here to tell you that in Southfield, Michigan, they

1 actually closed a facility just because they would not
2 become union. They did not want the workers to vote on a
3 union. So for the labor agenda, certainly we see the
4 MCI/WorldCom merger as one that will suppress wages and
5 investments.

6 KEN SMIKLE: Good afternoon, Congress Engel,
7 Congressman Rush, Congressman Conyers. Thank you very
8 much, Reverend Jackson, Jonathan, the court reporter, get
9 ready. I have a lot to say and very little time.

10 My name is Ken Smikle. I am President of
11 Target Market News, Inc. based here in Chicago. Some of
12 you are familiar with our firm. We publish the Target
13 Market News, which you would find copies of. Annually,
14 we do a report called The Buying Power of Black America,
15 in which we take information from the Department of
16 Commerce and through expenditure surveys and through the
17 Department of Labor and other sources. And we analyze
18 how black households are spending their money and what
19 these trends are and how they're spending differently
20 against their white counterparts.

1 I want to address a couple of things real
2 quickly on the basis of information we have pulled out
3 from our numbers. One of things that was mentioned
4 earlier this morning, and I want to emphasize, the idea
5 of building a sense of urgency. I think that is real,
6 real important, because business owners, business
7 operators in this room, feel the crisis that they are in
8 is very urgent.

9 My experience has been that when you give
10 black folks numbers, they go ballistic, because they
11 suddenly realize just how much they have been taken for a
12 ride. So very quickly let me give you some of these
13 numbers.

14 I was asked by David to put together data on
15 telecommunications, and here is what we are looking at.
16 Computer, hardware/software and telephone
17 hardware/software, cable outstripping in the last five
18 years. These were the numbers, 39 million households
19 spent \$10.1 billion in '94, \$12.06 billion, '95, another
20 \$12.4 billion, '96, \$13.6 billion, and '97, \$13.5 billion

1 for a total of \$46 billion spent on telecommunication
2 products and services in just the last five years.

3 We call that the black consumer investment.
4 And in telecommunication what did they get for that
5 money? Reverend Jackson talked about the importance of
6 us being shareholders. As far as I am concerned, if you
7 spent \$47 billion with somebody of a single industry, you
8 have become a shareholder. And the point is the money
9 that we spend is what will determine our relationship
10 with these companies in the future. Keep watching the
11 profits of AT&T. Black consumers use the telephone
12 products equal to two and a half times the profits of
13 AT&T last year. So that is leverage. Let me just real
14 quickly suggest to you what I think needs to be done.

15 One, educate and empower and mobilize those in
16 the audience who are here involved in the radio,
17 newspapers and other media. You need to figure out what
18 the numbers are. Get involved in the upcoming Census,
19 because the Census is going to determine all the lots for
20 the people who are trying to raise money and establish
21 markets.

1 Look at how the different branches of the
2 government were spending the money and determine whether
3 they would comply with the Disadvantaged Business Act of
4 the SBA, Small Business Administration. The government,
5 the General Accounting Office found out that in one case,
6 because they were only investigating the Department of
7 Defense, that out of the \$166 million, 160 million had
8 not been allocated properly. It should have gone to the
9 minority businesses. This is a smoking gun.

10 I want to suggest that among these twelve
11 points that you talked about, future actions --so that
12 future investigations on all government agencies can be
13 investigated. And like Microsoft who is doing business
14 with the federal government, we know today are not in
15 compliance with that guideline stated here. And
16 therefore their contract should be null and void or
17 forced to go into compliance.

18 DARRYL DAWSON: Good afternoon, ladies and
19 gentlemen. My name is Darryl Dawson. I speak to you
20 today as an electrical engineer, a sometimes consultant
21 to providers of enhanced telecom services.

1 As a principal of Wired Systems, Incorporated,
2 an electrical contracting firm that designs and installs
3 high performance data communication networks, including
4 provisions of high speed Internet services to
5 multi-family residential dwellings.

6 Most importantly, as co-chair of the
7 RAINBOW/PUSH Coalition's International Trade Bureau
8 Technology spoke. A group of now 16 high tech minority
9 owned firms involved in engineering, computers,
10 telecommunications, and technical training.

11 Our perspective is that of speaking for many
12 similar minority owned firms that are technically
13 competent, creative, flexible and anxious to participate
14 in the economic group of the telecommunications industry.

15 We look at this 12 figure market as one that
16 is technologically driven and limited only by the
17 availability of enough technologically skilled people to
18 handle the rapid growth and proliferation of new enhanced
19 services and products.

1 We also notice that minority communities are
2 major domestic markets for enhanced telecom services,
3 cable TV and the Internet.

4 Yes, you heard me correctly. Even on the
5 Internet, minorities have a disproportionate user
6 presence, providing more than 25 percent of the total on-
7 line service revenue in 1996. And even our poorest
8 communities are some of the most profitable markets for
9 pagers, calling cards, debit cellular, caller ID,
10 automatic callback, and most recently prepaid local dial
11 tone. There are even those that choose to pay for cable,
12 who don't have a telephone in the house.

13 So with such a significant contribution to the
14 market, why are minorities not fully participating in the
15 telecommunications industry? Why are not more minority
16 businesses sought after as subcontractors and vendors?

17 Will concentration in this industry create
18 more or less opportunity for minority businesses? Is our
19 fate even being considered in the deliberations, or are
20 we an afterthought? Well, we should be considered
21 because we have some important things to contribute. We

1 are skilled technologists. We are team players. We know
2 our local markets well, and we have access to some
3 capital for the right deal.

4 Now even the regional telecom monopolies are
5 being ended in the telephone industry, and local cable
6 monopolies are being challenged by wireless channels.
7 We, as minority consumers, have choices now that did not
8 exist just a few years ago. We can now choose to trade
9 with those telecom companies that trade with us. Do they
10 subcontract to minority businesses who, in turn, hire and
11 train community residents? Do they make capital
12 available to our firms by buying our stock or setting up
13 loan pools? Or do they just redline our neighborhoods
14 and delay investing in new infrastructure, while
15 transferring the high profits made there to technology
16 pilots in "other deals"?

17 We will no longer remain silent waiting on the
18 sidewalk while this great economic engine drives past us
19 on the technology superhighway.

1 Reverend Jackson, Reverend Barrow we expect to
2 fully participate in this industry in the very near
3 future. Thank you.

4 (APPLAUSE)

5 ERNEST T. BOYKIN: My name is Ernest Boykin.
6 I am President of Capital Commitment Inc., a
7 telecommunication job training program in Washington D.C.
8 and when David invited me to come, I was a bit reluctant
9 to come because in most of our conversations that take
10 place in communications, it is a significant problem.
11 When I go to Howard and talk or if I go to one of the
12 historically Black institutions, communications to them
13 means what I have seen here today, radio and TV..

14 When I go to George Washington or Georgetown
15 or to white institutions, they talk about satellites,
16 fiber optics. It translates into dollar signs. We are
17 talking about a \$900 billion a year market that less than
18 one percent of that is minorities and women. Something
19 is wrong here.

20 I look around the room today and I look at all
21 the wonderful people we have, all people earlier today

1 and last evening, I look and we talk about
2 telecommunications, the real area where there is a real
3 new frontier of money, there is nobody here. I mean
4 present company excluded. But the reality of this is
5 there is so much that we're missing.

6 My particular aspect of it, I guess, I go
7 beyond the normal agenda. We're trying to find jobs.
8 Not necessarily jobs on the high end, because there are
9 plenty of jobs out there available for engineers and
10 executives, corporate executives. However, when we start
11 to look at the black family, we're on the low end.

12 Vice President Gore talks all the time about
13 the Information Superhighway and how wonderful it is
14 going to be, but who the heck is going to make sure all
15 these people's homes are wired. That is the person which
16 we see on the corner, that there for the grace of God
17 would be you or I. It could be a person mugging you or
18 doing whatever is necessary, because they don't have
19 adequate opportunities.

20 So what we're trying to do is try to create
21 new opportunities for people on the low end to give them

1 training in terms of telecommunication jobs that help
2 them to come to your house and do the installation and be
3 the people on the dynamic levels of whatever else
4 processing that is involved.

5 All I am saying is that there is a tremendous
6 new opportunity that we have to take advantage of. If we
7 don't intend to do it again, we are going to be
8 overlooked. We don't get government money. I'm not out
9 here trying to ask for government money to try to make
10 sure that happens, but it is the corporations, it is the
11 larger corporations, the Bell Atlantics and so on that do
12 the things that support our efforts. What has to happen
13 is also you have to have some put back or a true
14 commitment as Attorney Hart talks about, putting
15 something back into the community. This has to be done
16 by the smaller companies, the ones who will take
17 advantage of the minority set asides and things of that
18 nature. Thank you.

19 (APPLAUSE)

20 CONGRESSMAN ENGEL: Lots of the people
21 mentioned the MCI/WorldCom merger. I just want to

1 reiterate what I said this morning, that you have a
2 company like WorldCom that has zero minorities in senior
3 management.

4 MR. BOYKIN: One other point, MCI is a
5 Washington based company. And MCI, we can show you
6 categorically for the past seven years our rejection
7 letters that have come from MCI. We have asked them to
8 support our efforts and it has not happened at all.

9 CONGRESSMAN ENGEL: And the other point was
10 that WorldCom has no plans to do any kind of marketing to
11 the minority community, so it is inherent in terms of not
12 hiring people and then compounded insult to injury, we
13 are going to ignore you and not even market to the
14 communities. I think there might be time for a few
15 questions if anybody has any questions.

16 MR. STROUD: I'm Joe Stroud, JOVON
17 Broadcasting. I have a question to the gentleman who
18 spoke first about using this merger as a forum to raise
19 some of the concerns you have.

1 Did you do that by way of a petition to deny
2 at the FCC in a formal way or how did you plan to get
3 your grievance addressed at the FCC level?

4 MR. MITCHELL: First of all, we did use the
5 procedure for the petition to deny. We filed it in
6 January and filed final comments. And, of course, all
7 along we have taken some of these issues to members of
8 the Congress and to shareholders in fact of MCI.

9 MR. STROUD: I had one more question to Maceo.
10 What the employment of your carrier's companies add up to
11 and if it is not, you know, confidential, what you all
12 these various companies are capitalized at, you mentioned
13 how it compares to MCI?

14 MR. SLOAN: Total employment of all my
15 companies put together must be about 300 people at this
16 point. We will be at 1,000 people by the end of this
17 year, because we'll open up our Center for Operators. It
18 will be 1,000 by the end of this year. Total
19 capitalization of all the companies is probably half a
20 billion dollars now. The financial companies we don't

1 talk about capitalization. The communications companies
2 by itself now has capitalization of --

3 MR. STROUD: Half a billion?

4 MR. SLOAN: 840 million.

5 MR. JOHNATHAN JACKSON: Could you elaborate on
6 what you found exciting in telecommunications and what
7 seems to have been elusive or that which is going on
8 current that we're missing. And let me just preface that
9 by saying, you know, I highlighted my point on Chicago
10 ownership on radio. The thing is going into the next
11 generation and we haven't gotten to the last generation
12 of this business. And so kind of if you're in it, you
13 can at least keep your eye on what is coming up. And now
14 then this telecom and TV is now merging into wire and
15 into PC, you know, television ought to be a wave of the
16 future and just another thing we haven't seen anything
17 about. While Mr. Powell suggests we debate this, while
18 they issue a license.

19 MR. BOYKIN: There is no industry that is
20 going to be "recession proof". When you look at
21 telephones having been around for over 125 years, I mean

1 it doesn't appear that they're going away. What happened
2 was when I originally went to the Department of
3 Employment Services in Washington, D.C., to look for some
4 type of funding, they said they didn't believe telephones
5 would be around in the next eight years. And something
6 is wrong there, because if you stop and consider it when
7 you first move into an apartment or move into a business,
8 what is the first thing you need? And even beyond that,
9 if you stop and look at the activity that is involved.
10 On a parochial level, you have to have your computer
11 network tied together, fax machines, anything necessary
12 for communication to exist.

13 Now, yes, when we go beyond the wireless and
14 that sort, on the very basic levels of transmission,
15 you're still looking at this kind of activity. These
16 create opportunity on the low end on installation, which
17 creates new entrepreneurs of people who may not have that
18 opportunity to step as far into the process as we would
19 like.

20 MR. JONATHAN JACKSON: Second, to

1 Mr. Handy, is there something that Ameritech is doing
2 that is an initiative that could bring some of those
3 technological jobs to the neighborhoods. I don't see any
4 of their presence as far as creating these jobs. I mean
5 otherwise I conspicuously see them in Bridgeport. I
6 can't even make a comparable installation service
7 facility, where many of the young people can begin to get
8 into the wire. I haven't seen a major initiative by
9 Ameritech. Is there something in the works?

10 MR. HANDY: If I understand your question, are
11 you speaking from a training standpoint?

12 MR. JONATHAN JACKSON: Not just training. I'm
13 talking about suppliers. For our original phone company,
14 there are not major black vendors that are currently
15 occupied in these lines of work, whether it is the \$600
16 million, five year project initiative of fiber optics.
17 Is there something currently? I'm not talking about the
18 guy that is in business one year and has fabulous numbers
19 and out of business.

20 MR. HANDY: Historically, we would do all that
21 kind of infrastructure building ourselves. We have

1 company employees that would do that. Since the Telecom
2 Act created other industries for us, for example, the
3 cable TV industry, we are now contracting that work out
4 to minority firms. We are trying to get into Chicago at
5 this point. And we have committed to live up to the
6 numbers of the Chicago government as established.

7 So in that area, yes, we are. But
8 historically we used our own employees to build our
9 infrastructure.

10 MR. HART: Let me speak on that just for a
11 moment. The large companies have some small
12 opportunities and some substantial opportunities. But I
13 think there is a real opportunity in owning an
14 independent telephone company. There are 1400
15 independent telephone companies around the country. Less
16 than one percent are minority owned. That is a very good
17 cash flow operating business.

18 I am sorry that the gentleman from GTE left,
19 because they're one of the largest independent telephone
20 companies. And I think that, Reverend Jackson, we need
21 to identify that, Larry Irving as a goal in the next

1 twelve months or the next year and a half or the next six
2 months to try to empower some entrepreneurs to own more
3 independent telephone companies. I would like to suggest
4 that as an objective of this initiative, so that at the
5 end of the day or at the end of the year, we can point to
6 some success stories and new technologies that are going
7 to be successful and around for a very, very long time.

8 MR. HANDY: If I can add, Jonathan, we do have
9 businesses that do help to mentor minorities in that
10 area. As a matter of fact, we may have a couple of them
11 sitting here that eventually will get into the local
12 telephone business. Cozette is one of them.

13 CONGRESSMAN ENGEL: We have our speaker
14 waiting. I saw two quick questions and then we can go on
15 to the speaker. The gentleman back there. Why don't you
16 come up? And when this gentleman gets finish and ask
17 your question.

18 MR. BROADWATER: Many thanks to you all for
19 putting this thing together. My name is Tom Broadwater.
20 Earlier on today, both of our Federal Communications
21 Commission representatives, the Chairman and Commissioner

1 Powell, talked about new opportunities in the industry.
2 And then also at lunch someone said to me boy, you know
3 there are a lot of radio programmers in the business, in
4 the room. Maybe they should think about, I wonder if
5 they thought about Internet content business. I am
6 thinking about the distinguished gentleman that we have
7 here, particularly Mr. Young and Tommy Hart, if they
8 could give us a comment about how a small radio
9 broadcaster gets into the Internet content business. It
10 is sort like getting into the television programming
11 business. You have entities and people who are here who
12 spent \$30 million, \$50 million on a channel that is not
13 on the air yet. And the concept of putting things on the
14 Internet, building 200 page sites, 800 page sites and
15 they have no revenue and no nothing. How does a radio
16 programmer, small radio person get into the Internet
17 business.

18 The second question is to one of these
19 gentlemen. On these incidental opportunities in the
20 Internet business, I think it is very big and it is the
21 future of television. What are some of the other

1 opportunities of the supply business, Internet content
2 wise and insulation service thing.

3 MR. YOUNG: With respect to radio stations
4 getting into the Internet content business, the answer
5 lies in looking at some of the newer technologies. Last
6 week, the Grammys were broadcast live over the Internet,
7 using satellite based Internet data [unintelligible]
8 technology. You could basically have your radio station
9 all over the country broadcasting over the Internet.

10 If you think of the type of programming that
11 local stations have, basically it is a one shot deal.
12 You run a story once and that is it. Well, did you
13 advertise the voice and store it on the Internet and make
14 it available to people, have a little advertising so that
15 every time someone looks at it, you can be paid a little
16 bit. It won't be a lot, but the trick in the Internet
17 business is to have a lot of people looking at your
18 Website. And every time there is "a hit", as they call,
19 you get revenue for that.

20 So there are opportunities there. But the key
21 is really looking at the new technologies that are out

1 there. And as Bill and Art said, the only thing that is
2 constant about this industry is that it has changed.
3 There are new technologies coming out every day and you
4 just have to think how can use this content. They call
5 it repurposing in the industry. How do I take what I
6 have used once and repackage it and use it again and get
7 more revenue out of it. That is the area you have to
8 look at.

9 MR. SMIKLE: Tom, let me add something real
10 quick to that. Radio broadcasters have the greatest
11 advantage for creating successful websites for anybody in
12 business now, because they have the ability to drive
13 people to the website. And that is the first thing.

14 The second thing is you need someone to pay
15 for all the technology and manpower it takes to put
16 content out, whether you rotate it daily, weekly or
17 whatever. And they already have a relationship with
18 advertisers. This is a situation of advertising that you
19 already have. And if you package it all and very
20 creatively, it actually becomes revenue, not just
21 something in access of a promotion piece, but a station.

1 Radio broadcasters are the ones who are in the best
2 possible position to make the greatest possible use of
3 Internet technology. And that is one of the reasons,
4 just one of the ways that it can be done with no fancy
5 technology at all. My son runs our website. We get at
6 least \$500 a week. He's 12 years old.

7 CONGRESSMAN ENGEL: We're running overtime.
8 Let's make it quick.

9 UNIDENTIFIED MALE: Listening to all the
10 speakers here. I'm from the District of Columbia. I was
11 interested in your experience with projects in South
12 Africa. Given the fact as with all the public access to
13 media telecommunication, as communications for culture
14 and development as a whole, what are some of the lessons
15 in South Africa, and how can we learn from that and
16 attempt to create a better --

17 MR. SLOAN: You talk about lessons to be
18 learned from Africa, there is one overwhelming lesson
19 that we learn from African operations is not only South
20 Africa, but in East Africa and West Africa. The biggest
21 thing that could be learned and our whole Civil Rights